



AUDIT, FINANCE & ADMINISTRATION COMMITTEE

REPORT 16-006

9:30 a.m.

Monday, April 25, 2016

Council Chambers

Hamilton City Hall

71 Main Street West

Present: Councillors A. Johnson (Chair), D. Skelly (Vice-Chair),
C. Collins, M. Pearson, B. Johnson, and A. VanderBeek

Regrets: Councillor L. Ferguson - Personal

THE AUDIT, FINANCE & ADMINISTRATION COMMITTEE PRESENTS REPORT 16-006 AND RESPECTFULLY RECOMMENDS:

1. Election of Vice-Chair to the Audit, Finance and Administration Committee (Added as Item A)

That Councillor Donna Skelly be appointed Vice-Chair of the Audit, Finance and Administration Committee for the balance of 2016.

2. Whistleblower Information Update for Q1 2016 (AUD16012) (City Wide) (Item 5.1)

That Report AUD16012, respecting Whistleblower Information Update for Q1 2016, be received.

3. Follow-Up of Audit Report 2014-01 – Public Works – Fuel Usage (AUD16002) (City Wide) (Item 5.2)

That Report AUD16002, respecting Follow-Up of Audit Report 2014-01 – Public Works – Fuel Usage, be received.

4. Treasurer's Apportionment of Land Taxes (FCS16005(b)) (City Wide) (Item 5.3)

- (a) That the 2015 land taxes in the amount of \$1,675 for 107-109 Echovalley Dr., Stoney Creek (Roll #2518 003 650 10494 0000) be apportioned and split amongst the two newly created parcels as set out in Appendix "A" to Report AF&A 16-006;
- (b) That the 2015 land taxes in the amount of \$1,675 for 119-121 Echovalley Dr., Stoney Creek (Roll #2518 003 650 10496 0000) be apportioned and split amongst the two newly created parcels as set out in Appendix "A" to Report AF&A 16-006;
- (c) That the 2015 land taxes in the amount of \$1,675 for 149-151 Echovalley Dr., Stoney Creek (Roll #2518 003 650 10501 0000) be apportioned and split amongst the two newly created parcels as set out in Appendix "A" to Report AF&A 16-006;
- (d) That the 2015 land taxes in the amount of \$1,712 for 187-189 Echovalley Dr., Stoney Creek (Roll #2518 003 650 10504 0000) be apportioned and split amongst the two newly created parcels as set out in Appendix "A" to Report AF&A 16-006; and
- (e) That the 2015 land taxes in the amount of \$1,762 for 218-220 Echovalley Dr., Stoney Creek (Roll #2518 003 650 10539 0000) be apportioned and split amongst the two newly created parcels as set out in Appendix "A" to Report AF&A 16-006.

5. Water/Wastewater/Storm Extraordinary Circumstance Bill Adjustment Policy (FCS16037) (City Wide) (Item 8.1)

- (a) That the Water and Wastewater/Storm Extraordinary Circumstance Bill Adjustment Policy, attached as Appendix "B" to Report AF&A 16-006, be approved;
- (b) That the Waterworks By-law No. R84-026 be amended to expand upon existing provisions regarding the testing of water meters for accuracy and related billing adjustments to consumer accounts as generally described in Report FCS16037; and
- (c) That the City Solicitor be authorized and directed to prepare all necessary by-laws, for Council approval, in order to implement recommendations (a) through (b) of Report FCS16037.

6. Bill 163, Supporting Ontario's First Responders Act (Post-Traumatic Stress Disorder) 2016 (HUR16009) (City Wide) (Item 8.2)

That Report HUR16009 respecting Bill 163, *Supporting Ontario's First Responders Act (Post-Traumatic Stress Disorder) 2016*, be received.

7. 2016-2018 Audit Services Work Plan (AUD16005) (City Wide) (Item 8.3)

That Appendix "C" attached to Report AF&A 16-006 respecting the 2016-2018 Audit Services Work Plan, be approved.

8. Succession Management and Leadership Development (HUR16011) (City Wide) (Item 8.4)

That Report HUR16011 respecting Succession Management and Leadership Development, be received.

FOR THE INFORMATION OF COUNCIL:

(a) CHANGES TO THE AGENDA (Item 1)

The Committee Clerk advised of the following change to the Agenda:

1. Added Election of Vice-Chair

- A Election of Vice-Chair to the Audit, Finance and Administration Committee for the balance of 2016

2. Delegations (Item 6)

The following delegation was withdrawn by Ms. Saunders:

- 6.1 Delegation by Viv Saunders, respecting Consideration of Amendments and the Review of Some 2015 Expenses and Legislative Policy

The Agenda for the April 25, 2016 meeting of the Audit, Finance and Administration Committee was approved, as amended.

(b) DECLARATIONS OF INTEREST (Item 2)

None.

(c) APPROVAL OF MINUTES OF PREVIOUS MEETING (Item 3)

(i) April 11, 2016 (Item 3.1)

The Minutes of the April 11, 2016 Audit, Finance, and Administration Committee meeting were approved, as presented.

(d) MOTIONS (Item 9)

(i) Outstanding Uncompleted Audit Recommendations (City Wide) (Item 9.1)

Councillor A. Johnson relinquished the Chair to Vice-Chair Skelly to introduce the following Motion.

That the Director of Audit Services be directed to investigate and report back to the Audit, Finance & Administration Committee on audit recommendations made to City management that have remained outstanding as to completion, at least every 6 months for those outstanding for 5 years or longer, and continue to follow-up and report back annually for all other recommendations.

Councillor A. Johnson assumed the Chair for the remainder of the meeting.

(e) ADJOURNMENT (Item 13)

There being no further business, the Audit, Finance and Administration Committee, adjourned at 10:06 a.m.

Respectfully submitted,

Councillor A. Johnson, Chair
Audit, Finance and Administration Committee

Denis Farr
Legislative Coordinator,
Office of the City Clerk

APPORTIONMENT OF TAXES

That the original land taxes recorded against:

- (a) **Roll #2518 003 650 10494 0000** – (107-109 Echovalley Dr., Stoney Creek) in the amount of \$1,675 be split amongst the two newly created lots listed below:

YEAR	ADDRESS	ROLL NUMBER	APPORTIONED ASSESSMENT	TAX AMOUNT
2015	107 Echovalley Dr.	2518 003 650 10494 0000	65,129	\$ 838
2015	109 Echovalley Dr.	2518 003 650 10589 0000	65,129	837
		Total	130,258	\$1,675

- (b) **Roll #2518 003 650 10496 0000** – (119-121 Echovalley Dr., Stoney Creek) in the amount of \$1,675 be split amongst the two newly created lots listed below:

YEAR	ADDRESS	ROLL NUMBER	APPORTIONED ASSESSMENT	TAX AMOUNT
2015	119 Echovalley Dr.	2518 003 650 10496 0000	65,129	\$ 838
2015	121 Echovalley Dr.	2518 003 650 10593 0000	65,129	837
		Total	130,258	\$1,675

- (c) **Roll #2518 003 650 10501 0000** – (149-151 Echovalley Dr., Stoney Creek) in the amount of \$1,675 be split amongst the two newly created lots listed below:

YEAR	ADDRESS	ROLL NUMBER	APPORTIONED ASSESSMENT	TAX AMOUNT
2015	149 Echovalley Dr.	2518 003 650 10501 0000	65,432	\$ 841
2015	151 Echovalley Dr.	2518 003 650 10603 0000	64,826	834
		Total	130,258	\$1,675

- (d) **Roll #2518 003 650 10504 0000** – (187-189 Echovalley Dr., Stoney Creek) in the amount of \$1,712 be split amongst the two newly created lots listed below:

YEAR	ADDRESS	ROLL NUMBER	APPORTIONED ASSESSMENT	TAX AMOUNT
2015	187 Echovalley Dr.	2518 003 650 10504 0000	66,587	\$ 856
2015	189 Echovalley Dr.	2518 003 650 10609 0000	65,587	856
		Total	133,174	\$1,712

(e) **Roll #2518 003 650 10539 0000** – (218-220 Echovalley Dr., Stoney Creek) in the amount of \$1,762 be split amongst the two newly created lots listed below:

YEAR	ADDRESS	ROLL NUMBER	APPORTIONED ASSESSMENT	TAX AMOUNT
2015	220 Echovalley Dr.	2518 003 650 10539 0000	72,740	\$ 935
2015	218 Echovalley Dr.	2518 003 650 10613 0000	64,322	827
		Total	137,062	\$1,762



Hamilton

POLICY TITLE: City of Hamilton Water and Wastewater/Storm Extraordinary Circumstance Bill Adjustment Policy

POSITION RESPONSIBLE FOR TASK: Senior Policy Advisor, Financial Planning and Policy

POLICY NO: PP-0011

LAST REVISION DATE: N/A

EFFECTIVE DATE: 4/27/2016

MANAGER REVIEWED: Tom Hewitson

TO BE REVIEWED: May 2021

MAINTENANCE RESPONSIBILITY: Financial Planning and Policy Division

I GENERAL

The City of Hamilton's Water and Wastewater/Storm Extraordinary Circumstance Bill Adjustment Policy ("Policy") provides residential, not-for-profit and institutional customers who utilize City water services the opportunity to request adjustments to abnormally high water and wastewater/storm billings which result from unexplained or extraordinary and unusual circumstances and are not attributable to identified leaking situations.

II BACKGROUND

The Policy sets out specific eligibility criteria that a customer must meet in order to qualify for a billing adjustment for an abnormally high water and wastewater/storm billing resulting from unexplained or extraordinary and unusual circumstances.

The policy is intended to apply to situations that are not associated with plumbing failures, that do not qualify for relief under the City's Water Leak Adjustment Policy, and that may result in an undue financial hardship for some customers.

III POLICY

PURPOSE

To provide staff with the authority to consider and permit adjustments to unusually high water and wastewater/storm billings which result from unexplained and/or extraordinary and unusual circumstances, and are not caused by an identified leaking situation.

DEFINITIONS

For the purposes of this Policy, the following definitions apply:

abnormally high water usage: Water and wastewater/storm billing for a City of Hamilton customer where the recorded metered water consumption for the customer is two or more times greater than the historical daily average consumption of that customer for the same property and for a similar time period from the previous year.

Horizon Utilities: Horizon Utilities Corporation.

leak: An unintentional water loss caused by broken and/or malfunctioning plumbing fixtures and/or pipes within a residence or building. A leak occurs when there is a failure of the plumbing system to do what it was designed to do.

not-for-profit: Not-for-profit corporations are incorporated under the Ontario *Corporations Act* or under successor or similar legislation as organizations that carry on activities without the purpose of gain for its members and any profits to the corporation.

unoccupied: An unoccupied dwelling and/or building is a dwelling and/or building in which occupants are absent from the property for a time period of seventy-two (72) hours or more, due to such matters as vacations or prolonged illness.

vacant: Regardless of the presence of furnishings, a vacant dwelling and/or building means the occupants have moved out with no intent to return. A newly constructed dwelling and/or building is also considered to be vacant after it is completed and before the occupants move in. A dwelling and/or building is also vacant when the occupants move out and before any new occupant moves in.

REQUIREMENTS FOR WATER AND WASTEWATER/STORM BILLING ADJUSTMENTS

Under this Policy, a billing adjustment may be available to qualifying City water customers who experience high water billings for abnormally high water usage which falls under one of the two categories:

1. Unexplained Consumption Increase; or
2. Extraordinary Circumstance.

Situations that are eligible for relief under the City's Water Leak Adjustment Policy are **not** eligible for billing adjustments under this Policy.

Adjustment Amount (Credit) – The customer's billing may be adjusted for up to 50% of the change between the average consumption of the affected property and the bill for the period of abnormally high water usage. If there is no prior year history, the credit if granted, will be based on the average consumption of similar customers.

1. Unexplained Consumption Increase – a situation where:

- The water meter has been tested and found to be measuring water consumption within prescribed standards for accuracy and is otherwise free from defects that could affect the measurement of water consumption. In accordance with the City's Waterworks By-law R84-026, the cost of water meter testing when requested by a customer is borne by the property owner if the meter tests within the accuracy standards as set out by American Water Works Association (AWWA). If the water meter does not meet the accuracy standards, then the cost of the test and the cost to replace the meter are borne by the City;
- The abnormally high water usage relates to a limited period of water usage of no greater than 120 days in duration and, in the sole determination of the General Manager of Finance & Corporate Services or designate, cannot reasonably be attributed to:
 - other known activities;
 - an act or omission of the customer, an occupant of the property or a person within the customer's or occupant's control; or
 - a leak or other defect in the private plumbing system of the customer's property (such leak situations and potential remedies are normally addressed under the City's Water Leak Adjustment Policy).

For the purposes of such determination:

(a) The customer must submit a signed copy of an *Unexplained High Water Use Billing Adjustment Request Form* available from the City's billing agent, Horizon Utilities;

(b) The customer must also complete a declaration that:

- the unexplained abnormally high water usage is not the result of an apparent or deliberate act of the customer such as pool filling or irrigation use and there is no reasonable explanation for the high usage;
- the customer agrees that an unexplained abnormally high water usage billing adjustment will NOT be available where:
 - i. there exists a cross connection with a well or other water source on the subject customer's property;
 - ii. the unexplained abnormally high water usage was caused by equipment which was improperly installed, malfunctioned due to manufacturer's defect, or is covered by any written warranty e.g. sump pumps or water softeners covered by new home warranties; or
 - iii. the customer's water and wastewater/storm account with the City is not in good standing;

- (c) The customer must provide to the General Manager of Finance & Corporate Services, at the customer's cost, written verification from a plumbing contractor, licensed to carry on business in the City, that the private plumbing system for the customer's property is free from leaks or other defects that may affect water consumption and that upon careful inspection of the system there are no other factors that may explain the increased consumption; and
- (d) The customer must provide to the General Manager of Finance & Corporate Services any documentation or other information in the customer's possession or knowledge in respect to the private plumbing system for the subject property, occupants of the subject property and the customer's water consumption during the billing period in question as the General Manager of Finance & Corporate Services may request; and
- (e) The customer agrees to permit City personnel to access the customer's property to conduct inspections.

2. Extraordinary Circumstances – a situation where:

- The likely cause of an increase in water consumption is known but there are unique and unusual circumstances and given the potential for undue financial hardship for some customers, a potential billing adjustment may be available under the Policy.
- Customers through no fault of their own have incurred high water bills for abnormally high water usage due to natural disaster or construction activities not under contract by the property owner and/or tenant. The customer must provide evidence of no relief available from third party sources such as insurance claims.
- Customers experience high water bills due to abnormally high water usage where the detection and correction of the usage could not have been reasonably been accomplished in time to avoid the excessive water usage. Examples include where customers are medically incapable (written evidence may be requested) of addressing a leaking situation in a timely fashion.

For the purposes of such determination:

- (a) The General Manager of Finance & Corporate Services is delegated the authority to determine Policy application in extraordinary circumstances.

OTHER CONDITIONS/EXCLUSIONS

- The Policy is only available to eligible customers who have high water billings for abnormally high water usage. Water consumption must have returned to normal (average) levels.

- The abnormally high water usage in question must have occurred over the last three water and wastewater/storm billings; and
- Only one billing adjustment (if granted) is available per property owner with a maximum adjustment of 120 days.
- Requests for billing adjustments must be received by Horizon Utilities and/or the City within 60 calendar days of the billing date in which the abnormally high water usage was reflected.
- Water loss due to theft, vandalism or construction damage is not eligible for relief under this Policy. Resolving these issues is the responsibility of the customer.
- The Policy does not apply where a dwelling is unoccupied and/or vacant for more than 72 hours. For extended absences, customers should consider shutting off the water supply (except where water is used for heating) and draining all the pipes and appliances. In accordance with the Waterworks By-law R84-026, whenever any premises having water service becomes a vacant premise (as defined under that By-law), the owner is required within twenty-four (24) hours of vacancy to notify in writing, the City's Water department to shut off the water at the street line.
- The Customer is required to keep their water and wastewater/storm account current with payment in full or establish a payment arrangement pending consideration in order to be eligible for billing adjustments under this Policy. Any unpaid amounts under appeal will be treated in the same manner as all other unpaid accounts so that collection activity continues as per the City's Water and Wastewater/Storm Arrears Policy.

CITY OF HAMILTON 2016 - 2018 AUDIT SERVICES WORK PLAN

Background and Purpose

The risk based Audit Services Work Plan for the remainder of the current Council Term (2016-2018) was developed using a risk assessment process that combined information from many sources, including:

- Risk assessment of all 89 City Services using a standard set of attributes (complexity of operations, susceptibility to error, manipulation or fraud, asset profile, community trust/confidence, degree of change, financial, non-compliance).
- Input from the Corporate Leadership Team (Directors, GM's and City Manager)
- Input/insights from Council
- Current and emerging risks in the Local Government Sector
- High profile issues in other Municipalities
- Themes from previous projects

As noted in our 2016 budget presentation (as part of the City Manager's Office presentation), it is planned that the Audit Services Division will be broadening the portfolio of services offered to include the following:

- Audits (including value-for-money auditing)
- Consulting
- Risk assessments
- Lessons Learned/Opportunities Assessment
- Developing and implementing a comprehensive fraud prevention and detection program

Previously the vast majority of work performed by Audit Services was audits and some very limited professional advice/investigation support. Going forward, Audit Services will provide a more robust range of services, with no increase in staff in 2016.

Service Areas

- Audits
 - Audits are designed to add value and improve an organization's operations. Audits help an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve risk management, control, governance processes and examine the efficiency, effectiveness and economy of operations to add value and improve the City of Hamilton's service delivery.

- Risk Assessment:

- Identifies risks proactively so they can be managed, mitigated or accepted. This is collaborative work with a department/division to ensure risks are appropriately addressed.
- Aligns with the formalization of Continuous Improvement Program in 2016 by the Office of the City Manager.

- Consulting
 - Conducting special projects, reviews or investigations;
 - Performing research;
 - Preparing and facilitating training sessions on audit related topics such as risk assessment and management, internal controls, continuous improvement or facilitating self-assessments
 - Providing professional advice on relevant topics

- Lessons Learned/Opportunities Assessment
 - Providing analysis about work done by one division/department and identifying opportunities for efficiencies that could be applied to other areas of the organization.
 - Also provide post-implementation advice for future work so that challenges and risks can be managed and or avoided.
 - Analysis post-investigation can also be provided to weigh in on organizational issues and provide professional advice so that the issue causing the investigation can be managed or avoided in the future.

- Fraud Prevention/Detection
 - Initial program development of a comprehensive fraud prevention and detection program, including revision of the "Fraud Policy and Protocol".
 - Developing and providing education/training to the organization, investigation support, case documentation and management, and maintaining a roster of fraud/forensic accounting specialists that can be utilized as required.
 - Provide oversight for all forensic investigations conducted by the city to ensure quality and independence of these investigations (as required).

Staffing and Available Hours

This plan is based on the approved complement of 6.0 FTE auditors that execute projects and the Director and Supervisor, who manage the overall program of work and related methodology/compliance with professional standards, perform strategic planning and participate in various working groups.

2.0 of these 6.0 FTE's are temporary Performance Auditors who have funding until June 2017. This plan reflects only the current approved funding. Additional staff may be required if the risk profile changes significantly or if there is an increased demand for audit services.

The portfolio of work executed includes work plan projects, special requests received during the year, advice and education to audit clients on internal controls, new corporate initiatives, emerging issues audit research, maintaining the Audit Services work methodology and audit planning.

Time available to complete the plan takes into account statutory holidays, vacations, training and various administrative functions. As experience has shown that, throughout the year, unanticipated requests for audit resources arise from Council and management, the work plan sets aside approximately 10% of available staff time to meet such requests. This allotment may also be used to conduct special investigations, as warranted, as the same pool of staff that carries out the audits in the work plan would carry out such work.

Timelines to complete projects are estimates only. Risk based projects require significant participation from management to identify risks, agree on issues and provide management action plans. If management does not provide information in a timely manner, it is more challenging to achieve the originally planned timelines.

Annual Update

Since this is a longer-term audit plan, an update of this plan will be provided to the Audit, Finance and Administration Committee at least once per calendar year, as required by the current, Council approved Audit Services Charter.

Summary of Plan and Updates

A work plan was approved by Council in January 2015 for Internal Audit projects and in March 2015 for Value-for-Money projects. Audit Services is committed to keep Council up to date on significant plan changes. This is a combined Audit Services Work Plan.

1. Audits In Progress Or Carried Forward From 2015

The following projects are in progress and should be completed by the end of the first half of 2016:

- Various Follow Up Audits/Reviews (e.g. Ethics, IT Security and Identity & Access Management, Grants, Building Inspections)
- Capital Projects (two construction contract compliance audits)
- AODA Customer Service Standard: Compliance Risk Assessment Pilot (management request)
- Continuous Auditing Pilot - Accounts Payable
- Continuous Auditing Pilot - Procurement Cards
- Spot Cash Counts (ten locations across the organization)
- Information Technology Risk Assessment

- Use of Consultants, Part I: Operating (Value for Money Audit)

Due to new information and changing circumstances, the following changes are recommended as part of the 2016 to 2018 Audit Services Work Plan:

2. Deferred Projects

The following audit was included in the 2014 and 2015 Work Plans. Due to technology changes (the implementation of a new provincial application, SAMS, was delayed) the audit was deferred.

Project	Project Type	Project Description	Timeline
Ontario Works: Employment Services Audit	Audit	The City's Community Services provides employment supports under the Ontario Works program. The facilitation or provision of services including training and skills development, case management and job development for eligible individuals in accordance with the Ontario Works Act and Directives will be reviewed.	Carried over for completion in 2017, depending on the timing of the resolution of the issues related to the SAMS system implementation.

The following audits were included in the 2015 Work Plans. Due to a high proportion of staff vacancies (7 of 9 positions at various points during 2015) in the Audit Services Division, these projects will be carried over for completion in 2016-2018.

Project	Project Type	Project Description	Revised Timeline
Development and Growth (Incentive Programs)	Audit (Value for Money)	To align with the City's strategic priority of increasing the non-residential tax base, particular services/initiatives in the Development and Growth program area will be selected for this project.	2016
Development and Growth (Incentive Programs)		Incentive programs will be the focus of this project. Aspects of business	

(Continued)		development services to attract new business and retain and grow existing businesses will also be considered for inclusion in the audit scope.	
Roads Operations and Construction Programs (previously listed as Roads Resurfacing)	Audit (Internal Controls & Value for Money)	<p>The process for managing the roads operations program and construction program will be assessed to identify risks and any gaps in controls and evaluate if value for money in program spending is being achieved.</p> <p>Audits have previously been conducted over individual capital construction contracts (2012, 2013, and 2015). This audit extends that work to the overall program with design, tendering, monitoring of construction, controls over change orders and extra work orders, and payments being included in the project scope.</p>	2016
Storm Water Management	Audit	Various service aspects are included under this title. Storm water collection (sewers, overflow tanks, etc.), water treatment (wastewater treatment plants, pumping stations) and infrastructure maintenance will all be considered when a specific area is selected for review. Governance of this service will also be assessed.	2017-subject to obtaining funding to co-source technical engineering expertise.
Driver Certification Program (DCP)	Audit	The Driver Certification Program (DCP) is a program under the direction of the Ministry of Transportation (MTO) which	2016 Fire

Compliance		gives the City the authority to train and test employees for licence upgrades or renewals. In order to ensure that the MTO's standards are met and maintained in the delivery of the DCP, the MTO required that "benchmark" audits be performed in 2014. Audit Services was able to conduct the audit for Central Fleet and the external auditors completed the audits for HSR and Fire. Some changes were made to MTO deadlines, with the new deadline being in mid-2016, rather than 2015.	
IT Disaster Recovery/ Business Continuity Planning	Risk Assessment	With today's City services highly reliant on information technology, the continued availability of City services and supporting systems in the event of a disaster or crisis is a critical risk. Infrastructure that will enable the recovery of the City's business applications if some facet of the City's primary data centre is lost for a period of time is necessary. This risk assessment will evaluate the City's current planning and preparedness efforts in the event of a disaster and determine if there are any unaddressed risk exposures.	2017

3. Cancelled Projects:

1. Cancelled: Public Health Consolidation (Value-for-Money)

Some planning work was completed for this project. It was determined that additional significant savings in addition to what Public Health Services has already reported to Council were unlikely to be found during this audit.

2. Cancelled: Information Technology – Internet Usage (Value-for-Money)

Some planning work was completed for this project. It was determined that due to concerns identified by Legal Services, it would be challenging for Audit Services to be able to conduct fieldwork and report in a way that would provide any significant positive impact to City organizations. A consulting project on this topic regarding a system to monitor usage trends will be considered for future work plans.

4. Recurring Responsibilities/Annual Projects

Project	Project Type	Project Description	Timeline
Follow Up of Outstanding Recommendations from Previous Audit Reports	Audit-Follow Up	This work relates to the verification of the status of the implementation of audit recommendations from audit reports (both internal audit and value-for-money) issued annually. The <i>International Standards for the Professional Practice of Internal Auditing</i> requires the follow up of recommendations made.	Throughout 2016-2018. Average of approximately 10-15 per each calendar year
Annual Follow Up Process	Audit-Follow Up	In order to ensure that the Audit, Finance and Administration Committee has adequate information to fulfil its responsibilities for the oversight of governance and control, the results of a follow up system of yearly updating on the status of uncompleted recommendations (after the regular follow up conducted as above) are reported annually to the Committee.	2016, 2017 and 2018
Spot Cash Counts	Audit & Fraud Prevention	In 2014, a corporate Cash Handling Policy was approved by Council. Staff was directed	Throughout 2016 and 2017.

		to implement the elements of the policy in all the operations which handle cash funds. Compliance issues were identified during the 2015 spot cash counts. Cash counts will occur randomly across all operations to ensure compliance with the policy to safeguard this asset. Five to ten locations will be selected for this project. An overall report about the state of cash handling in the organization will be provided.	
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5. New Projects

Project	Project Type	Project Description	Timeline
Performance Measures	Consulting (Value for Money)	Audit Services was directed with a motion in February 2016 to investigate and report back to the Audit, Finance & Administration Committee in September 2016, with respect to: (a) General best practices and/or models in empirical, data-based performance measurement protocol systems across city organizations (i.e. Canadian municipal governments similar to the City of Hamilton); and (b) Next steps in implementing a refined broad, empirical, data-based performance measurement protocol system for the City of Hamilton with options and recommendations.	2016
Organization-Wide Fraud Prevention and	Fraud Prevention & Detection	Updating the Fraud Policy and Protocol and initial program development and implementation	2016-Policy Update 2017- Program Development, Intake

Detection Program: Policy Update, Program Development, Intake, Investigation and Reporting		of a comprehensive fraud prevention and detection program. Work includes developing and providing education/training to the organization, investigation support, case documentation and management and maintaining a roster of fraud/forensic accounting specialists. The development of a hotline and anonymous reporting system will also be part of this project.	& Investigations 2018 and onwards-Intake, Investigations and Reporting
LRT	Risk Assessment/ Lessons Learned	Working with the LRT Office, periodic risk assessments will be conducted throughout the lifespan of the LRT project to ensure that risks and opportunities are identified and that management has action plans in place to manage, mitigate or avoid risks and realize benefits from opportunities.	2016, 2017, 2018
Enterprise Risk Management	Risk Assessment/ Consulting (Education)	Raising awareness in the organization about the importance of enterprise risk management throughout the organization by providing educational sessions to support the development of corporate risk profile by management by enabling management to complete risk self-assessments and to develop corresponding action plans.	2016-Education 2017-Support the development of a corporate risk profile and action plans by management.
Reserves	Audit (Value-for Money)	An audit to review the portfolio of reserves and evaluate if contributions and are at a level to	2016

		ensure sustainability. Utilization of reserves will also be assessed for compliance with stated purposes/By-laws. An overall assessment of reserves as a whole will also be performed evaluate if there are any chronically underfunded areas, or any areas that are over budgeted for and overfunded via surpluses without a specified purpose.	
Use of External Consultants-Part II (Capital)	Audit (Value for Money)	<p>In 2015 an audit of the Use of External Consultants-Part I (Operating) from the operating budget was conducted. This audit builds upon Part I.</p> <p>No corporate policy exists to govern the use or management of external consultants. This audit will assess whether consultants are utilized in an effective manner and project outcomes add value to City operations.</p>	2016
Child Care Programs	Risk Assessment	A risk assessment of child care services (including Child Care Management, Best Start, and Red Hill Family Centre) to determine if current processes adequately identifies risks and opportunities, and that there are appropriate action plans to manage and mitigate these risks.	2016

Facilities	Audit (Value	An audit to evaluate if owned and	2016
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Management (Space Optimization & Cost Effectiveness)	for Money)	leased spaced is deployed in an optimized manner to maximize usage of the existing portfolio and that space is sold or not leased if it is not needed for service delivery purposes so that savings can be realized.	
AODA Accessibility Standards for Customer Service Compliance	Risk Assessment	<p>In 2015 a self-assessment tool was developed by Audit Services and Customer Services, Access and Equity and piloted at 5 customer locations. In 2016, the AODA Accessibility Standards for Customer Service self-assessment tool will be provided to all citizen facing divisions for them to complete self-assessments. A sample of locations may be selected for audit fieldwork and be assessed for compliance with the AODA Accessibility Standards for Customer Service.</p> <p>This work will support achievement of AODA Accessibility Standards for Customer Service compliance across the City and will promote a greater level of transparency and accountability. There are potentially significant fines for non-compliance and also this audit will further enable the delivery of sensational service to all residents, especially to persons with disabilities. This is Part 1 of 3 of the overall AODA audit plan.</p>	2016
AODA Human Resources	Risk Assessment	Part 2 of the AODA project listed above. This project will consist	Planning/Fieldwork - 2017

Integrated Accessibility Standards (IAS) for Employment Compliance		<p>of planning, fieldwork and reporting phases.</p> <p>This area of AODA requires that Persons with disabilities who are potential employees will be accommodated and supported throughout the recruitment, assessing, selecting and hiring process and when they are seeking advancement opportunities as employees.</p>	Reporting - 2018
AODA Built Environment Compliance	Risk Assessment	<p>Part 3 of the AODA project listed above. This project will consist of the planning phase in 2017. Fieldwork and reporting are planned to occur in 2018.</p> <p>The Accessibility Standard for the Built Environment, which only applies to new construction and extensive renovation came into force on January 1, 2013, and will help remove barriers in buildings and outdoor public spaces.</p> <p>This standard requires that City facilities and open spaces are fully accessible and/or will provide accessibility measures to meet the needs of persons with disabilities when accessing programs, services, resources and opportunities.</p>	Planning-2017 Fieldwork/Reporting-2018
IT Governance Corporate	Consulting	Providing ongoing audit subject matter expertise for the	2016-2018

Initiative Support		corporate-wide IT governance initiative.	
City-Wide Cash Handling	Risk Assessment	Development of a risk assessment tool for cash handling processes so that each Department can perform a self-assessment of their current state to identify areas of improvement so that process improvements can be implemented by management.	2017
Environmental Services	Risk Assessment	Risk assessment of services within this Division and recommendations for how to improve any existing gaps in controls.	2017
Human Resources- Performance Accountability & Development System	Risk Assessment	The Performance Accountability and Development System (PAD) is a key component of the organization's accountability and performance management process. A risk assessment will be conducted to evaluate if the program is being executed in the organization as rolled out to the organization by Human Resources and determine if any remaining risks need to be managed via the development of an action plan.	2018
Procurement By-law Analysis	Consulting	A data-driven project with the purpose of taking the	2018

		Procurement By-law and designing procedures for how to effectively analyze procurement data using audit analytics software to effectively identify risks, irregularities and non-compliance with the procurement by-law. The goal will be to develop reports that can easily be run on a regular basis based on criteria developed during the audit so that Procurement is able to follow up in a timely manner with the various Divisions.	
Quality Assessment Review	Other	In order to comply with Institute of Internal Auditor's International Standards for the Professional Practice of Internal Auditing, it is required that internal audit shops have independent quality assessments every five years. The most recent assessment occurred in 2012. This item is dependent on receiving adequate budget to have a Quality Assessment Review performed.	2017
Audit Universe Update and Risk Assessment	Risk Assessment	A full-scale update of the audit universe and a related risk assessment is typically performed every five years with an update performed during the other years. The most recent full-scale audit universe update and risk assessment occurred in 2012.	2017
Continuous Improvement	Consulting/ Lessons	A block of time to provide support to ongoing corporate	2017

Project Support and Education	Learned	continuous improvement initiatives. Work may include giving educational presentations to staff/management meetings about the importance of internal controls, business procedures and a consistent work product. Other activities may include support to assist with data analysis using audit analytics software and assisting departments with performing control self-assessments to identify areas for improvement. Also provide commentary on lessons learned for how to apply this approach to other areas in the organization.	
Fire Services-Urban Response	Audit (combined Value-for-Money and Compliance)	This service provides emergency response for fires, medical emergencies, vehicle accidents/rescues and technical rescues. Particular services/initiatives in this area will be selected for review and assessment with an emphasis on compliance with regulations that ensure public safety.	2016
Housing Services	Audit (Value for Money)	A value for money audit that will include all areas of the Housing Services Division in the initial audit scope, with the project scope being narrowed once initial research has been completed. The area of focus will be to determine if services are being effectively delivered to the public.	Late 2016-Early 2017
Security and Safety at City	Risk	Per direction at the February 3, 2016 General Issues "to co-	2017

Facilities	Assessment	<i>ordinate a cross-functional team to review the City's security program</i> ", this project will provide support to the ongoing corporate efforts for physical security from both a risk assessment and consulting perspective. The project scope will be finalized once direction is received from Council as to how the organization will be proceeding to address security (i.e. subsequent to the 2017 budget process).	
Real Estate-Expropriations	Risk Assessment/ Audit (Value for Money)	Part of the "Real Property Management" service provided by the City. Relevant legislation includes the Expropriation Act. Given that it is anticipated that there will be a higher volume of expropriations in the future due to the upcoming LRT construction, this audit will assess compliance with relevant legislation and City policies and determine if internal controls are operating effectively in this area. Audit Services anticipates collaborating with Legal Services on this project.	2017
Emergency Management-Compliance with Legislated Requirements	Audit	An audit will be conducted in this area to evaluate if the organization is achieving compliance with Emergency Management and Civil Protection Act, O.Reg. 380/04.	2018
Emergency Management-		The area of focus will to evaluate compliance, determine if risk	

Compliance with Legislated Requirements (Continued)		assessment and management is effective to prepare the organization to respond appropriately to disasters and emergencies from a public safety and public health perspective. Education and awareness of this service by employees will also be considered for inclusion in this project.	
CityHousing Hamilton	Risk Assessment and Audit	Development of Audit Universe and identification of services and related risks. An audit topic will be determined once the services and related risks and have been identified. This item is dependent on Audit Services receiving a formal request to audit from management and/or the Board of Directors.	2017
Hamilton Police Service	Risk Assessment and Audit	Development of Audit Universe and identification of services and related risks. An audit topic will be determined once the services and related risks and have been identified. This item is dependent on Audit Services receiving a formal request to audit from management and/or the Police Services Board.	2017
Hamilton Public Library Hamilton Public Library	Risk Assessment and Audit	Development of Audit Universe and identification of services and related risks. An audit topic will be determined once the services and related risks and have been identified. This item is dependent on Audit Services receiving a formal	2018

(Continued)		request to audit from management and/or the Library Board.	
Public Health Services- Chronic Disease and Injury Prevention Division	Audit	An audit of compliance with regulations and policies, internal controls and program results. A program (one that has not been previously audited) will be selected from the Division will be selected once further research has been conducted.	2018